

Workgroup #4 - Health Care Coverage

GOAL: To lower health care costs and to insure greater access to health care, all Iowans should have health care coverage that meets certain minimum requirements and is affordable.

I. Commission Proposal - All Iowans will be required to have health care coverage that meets certain minimum requirements and is affordable.

A. Iowa should move as quickly as possible to achieve this goal by:

1. Maximizing eligibility for public health care coverage.
2. Facilitating the availability of affordable private health care insurance coverage for those individuals who are not eligible for existing public health coverage programs and cannot afford to purchase private health insurance coverage and by providing subsidies to those persons to purchase private health insurance coverage.
3. Funding the goal with some combination of general tax revenues, tobacco taxes, maximizing federal dollars, health insurer assessments (including self-funded plans), hospital and health provider assessments, medical equipment assessments, junk food and other creative assessments, premiums paid by insureds, and fees charged to employers that do not provide minimum required health care coverage to their employees.
4. Commissioning a study of the costs to achieve this goal and the potential monies that might be available through various funding strategies. There is currently insufficient financial data to understand the ramifications of moving toward achievement of this goal.

B. Iowa must define acceptable minimum requirements for required health care coverage for Iowans by:

1. Working with the health insurance industry to design flexible, affordable health insurance plans that provide:
 - a. Guaranteed availability - no underwriting or preexisting conditions exclusions.
 - b. Continuity - portable between jobs.
 - c. Allow/require pooling and rating classifications.
2. Using/modifying existing definitions of basic and standard plans - e.g. Medicare, hawk-i, IowaCare, Iowa Comprehensive Health Association (HIPIOWA) to design plans are affordable and flexible and that:
 - a. Encourage wellness, prevention, and diagnosis - e.g. health screenings with no out-of-pocket cost to the insured.
 - b. Cover catastrophic expenses
 - c. Are comprehensive - e.g. mental health coverage,
 - d. Provide a reasonable level of basic care.
 - e. Include prescription drugs.
3. Defining parameters for affordability and levels of subsidization of private insurance premiums by:

- a. Articulating principles to be used in defining affordability - e.g. sliding scales based on income, percentage of income that can reasonably be spent on health coverage costs.
 - b. Setting priorities for expansion of subsidization of public and private health care coverage to categories of the population as funding becomes available so that ultimately all Iowans are covered.
 - c. Applying the requirement to have health care coverage to categories of the population pursuant to a schedule based on affordability. i.e. the availability of affordable health insurance plans and funding for subsidization.
- 4. Determining exemptions from or exceptions to coverage requirements, if any.
- C. Enforcing the requirement by:
 - 1. Requiring every individual to have and report health care coverage and providing penalties for failure to do so - income tax returns and refunds.
 - 2. Requiring certain employers (who employ a specified number of employees) to provide and report minimum required health care coverage/contributions for employees and assessing penalties for failure to do so - e.g. contributions to Iowa Health Authority pool for cost of their employees' coverage.
 - 3. Monitoring health care coverage of children through school enrollment procedures.

II. Commission Proposal - Creation of Iowa Health Care Coverage Authority to implement and facilitate the requirement that all Iowans have health care coverage. The Authority will be a quasi-public/private agency responsible for implementing this requirement.

A. Board of Directors. The Authority will be overseen by a separate board of directors comprised of representatives of public and private entities specified by the General Assembly, who are appointed by the governor, and subject to confirmation by the Senate (e.g. Vermont and Massachusetts). Include Director of DHS and Insurance Commission as voting members. Legislators appointed by leadership as ex officio, nonvoting members. Consider including previous governors as members.

B. Executive Director. The administrative head of the Authority will be appointed by the Governor, subject to confirmation by the Senate. Initial funding for the agency will be from general funds, through the Health Care Trust Fund, and later funding from the revenues in the Iowa Health Authority Pool.

C. Powers. The Authority will have broad authority to:

- 1. Work with insurers to design affordable health insurance plans with standardized benefit packages, including both physical and mental health coverage, that meet the needs of low-income populations, including development of a public sector coverage option, e.g. IowaCare, and offer specially designed, lower-cost health coverage products to 19-25 year olds. Plans offered could be modeled on basic plans offered for state and federal employees, the hank-I plan or benchmark plans as defined by Title XXI of the federal Social Security Act, basic plans used by other states such as Massachusetts. Authority may establish, by rule, what constitutes minimum acceptable health care coverage.

- 2. Implement a health care coverage program called "Iowa Choice Care" which provides subsidized private coverage to adults who do not meet eligibility guidelines for any other program, with rolling implementation expanding to specified subgroups of low-income adult

Iowans based on availability of funding and provides affordable, unsubsidized private coverage to anyone who desires to purchase it, including individuals, families, and employees of small businesses.

3. Administer a subsidy program for payment of premiums for health care coverage by low-income people that complements, not supplants Medicaid, and includes cost-sharing by the insured using a sliding scale based on income, utilizing the federal poverty level guidelines, e.g. subsidize individuals who do not have insurance provided by their employers and whose income is some level of the federal poverty level as determined by modeling. May include subsidizing an employee's purchase of health care insurance offered by that person's employer.

4. Implement initiatives such as uniform applications and other standardized administrative procedures, that make the purchase of insurance easier and that lower administrative costs. Determine an equitable administrative cost formula.

5. Implement initiatives that allow portability of insurance between employers for part-time workers who work more than one job or for people who change jobs.

6. Control premiums by establishing rates to ensure affordability.

7. Define what constitutes "affordable" health care coverage by establishing what percentage of income can reasonably be spent on health care coverage, e.g. 5% of income in SCHIP or an amount determined by modeling.

8. Control health care costs.

9. Encourage (or require) employers to offer Section 125 plans which allow individuals to purchase insurance using pre-tax dollars, resulting in substantial savings on state and federal income and federal FICA taxes for employees and FICA withholding taxes for employers.

10. Implement the program in accordance with a time frame established by statute. The administrative rules review committee will provide oversight regarding implementation through the administrative rulemaking process.

D. Funding. The state will fund the subsidization of health care coverage costs of low-income Iowans through establishment of a new "Iowa Health Authority Pool" which will receive funds from, e.g. personal premium payments, maximizing federal dollars for Medicaid and IowaCare through expansion of these programs up to a percentage of the FPL determined by modeling, demonstrated cost controls, insurer health assessments, hospital and health provider assessments, junk food and other creative assessments, medical equipment assessments. Consider merging HIPIOWA pool with Iowa Authority Pool.

GOAL: To cover more Iowans through the private insurance market, the state will enact private insurance reforms.

I. Commission Proposal - Institute Insurance Reforms.

A. Merge non-group(individual) and small group health insurance markets to reduce premium costs.

B. Require health plans to offer coverage to their insureds' unmarried dependents up to age 25.

C. Prohibit preexisting condition exclusions on individual health care policies.

GOAL: To cover all children eligible for Medicaid and hawk-i immediately.

I. Commission Proposal - The general assembly should appropriate enough money to cover all children who are eligible for hawk-i.

A. The general assembly should fully fund eligible children under Medicaid and hawk-I beginning on July 1, 2008.

II. Commission Proposal - Continue to expand options for individuals who are dually-eligible for Medicare and Medicaid by utilizing evidence-based care for these dually-eligible populations.

A. Examples include the PACE program, Massachusetts' SCOW program, and SNIP under the Medicare Modernization Act.